



Cincinnati Retirement System Pension Fund Task Force

Minutes

June 17, 2008 / 1PM
Centennial II - Auditorium

Present:

Milton Dohoney - Chair
Francis Wagner
Cathy Crain
Marianne Steger
John Brazina (CODE representative)
Linda Graviss
James F. Girton
Hilary Bohannon

Absent:

Marijane Klug
Diana Frey
Chris Stenger
Joe Gray

Administrative Staff Present:

Lea Carroll

The Chair confirmed a quorum and the meeting was called to order: 1:05PM

JUNE 10, 2008 TASK FORCE MINUTES

Motion made by L. Graviss, seconded by C. Crain to approve the minutes as submitted. The motion was carried.

RISK MANAGEMENT

Chuck Haas, Finance Manager, provided the following data:

- The total number of members currently enrolled in the Traditional plan
 - 4,628 members and dependents are covered by the Traditional Plan out of a total of 6,974. That is 66% of the total.
- The total number of members who reach the annual out-of-pocket maximum:
 - A patient must file approximately \$10,000 in claims in order to reach a \$1000 out of pocket maximum. Based on that information, nearly 95% of retirees would not reach the \$1000 out of pocket maximum.

- Concerning the proposal to replace Indemnity Plan with modified PPO Plan: 90% of retirees would experience no disruption in continuity of care. Approximately 10% would eventually need to transfer their care to “in network” providers. Ample time would be provided for the transition.
- C. Haas acknowledged the CRS intent to bid-out health care administrative services every 5 years.

Discussion

Members reviewed and discussed the recommendations from the June 10th meeting. After refining and repositioning some recommendations, members reached consensus on the following: (Changes are in red)

1. Vendor efficiencies – specifically drug
2. Drug rebates
3. Drug pricing – spread-pricing issue
4. Drug Purchasing Coalition – consider joining
5. Generic Drugs – increase education and utilization
6. Bid-out medical plans every 5 years (short term and long term)
7. Address the accumulating unfunded liability
 - a. Consider tax-exempt pension bonds
 - b. Amortization schedule (30 year)
9. Consider changing eligibility requirements for future employees (long-term)
10. Get commitment as to how CRS will pay for the increasing unfunded liability
 - a. How to pay for the unfunded actuarial accrued liability
 - i.e. reduce cost or increase contributions
 - b. The city should designate the pension funding level and develop reasonable strategy
 - c. No split-out of medical plan and pension plan
11. Look into reducing benefits for new hires (long-term)
12. Consider goal of 100% funding: Funding level needs be to determined
13. Conduct periodic peer review of benefit package
14. Develop a Wellness Program – (long-term) (up to age 65)
15. Restore the 6.1 Millage and allocate a portion to increase funding
- ~~16. Eliminate Point System for healthcare benefits for active employees hired after 1997~~
 - ~~a. Compare cost to the 80/20 plan~~

Further Considerations

- L. Graviss submitted a recommendation for the City to consider the issuance of tax-exempt pension obligation bonds as a tool to fund all or part of the previously accumulated unfunded liability.
- Re: changing eligibility for new employees: Opinions varied as to the impact changing eligibility would have on future liability.
- Members requested the actuary to determine the short-term and long-term impact of implementing the following changes (for future CRS members). The following topics were discussed and the group agreed that additional actuarial data was needed to more accurately define parameters. The committee will incorporate the new data into the decision-making process for determining the long-term funding level of the pension.
 - 1) For new hires, Increase pension eligibility service time to:
 - 33 years
 - 35 years
 - 2) For new hires, Raise minimum age for retirement to 55 years

- 3) For new hires, Lower formula factor to 2.2% and 2.0%
- 4) Risk Mgmt Recommendations (see attached document)
 - a) Eliminate Traditional Indemnity Plan option
 - b) Revise RX drug copays
 - c) Change the coordination of benefits methodology
 - d) Replace the Indemnity Plan w/modified PPO Plan
- 7) Amortization – 30 Years
- 8) Increase employee contribution rate over 4 years to 8%
- 9) Increase employee contribution rate over 4 years to 9%
- 10) For new hires- Change the compound COLA to 3% simple
- 11) Additional liability to eliminate point system for health care
- 12) For new hires- Add 5 years for eligibility for medical care (from 15 to 20)

Report to be reviewed at next meeting. Motion made by L. Graviss to adjourn and motion seconded by C. Crain. Motion passed and meeting was adjourned 2:30PM.